

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Alpine
Kent County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended June 30, 2005

CONTENTS

	<i>Page</i>
MANAGEMENT'S DISCUSSION AND ANALYSIS	i - vii
INDEPENDENT AUDITORS' REPORT	3 - 4
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net assets	5
Statement of activities	6
Fund financial statements:	
Balance sheet - governmental funds	7
Statement of revenues, expenditures, and changes in fund balances - governmental funds	8
Statement of net assets - proprietary fund	9
Statement of revenues, expenses, and changes in fund net assets - proprietary fund	10
Statement of cash flows - proprietary fund	11
Statement of fiduciary net assets - agency fund	12
Notes to financial statements	13 - 24
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule - General Fund	25 - 32
SUPPLEMENTARY DATA	
Schedules of debt retirement and annual interest requirements	33 - 39
OTHER INFORMATION	
Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure	40 - 45

MANAGEMENT'S DISCUSSION AND ANALYSIS

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Township of Alpine's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net assets increased by \$635,301 (4 percent) as a result of this year's activities. Net assets of the governmental activities increased by \$328,808, and the net assets of the business-type activities increased by \$306,493.
- Of the \$16,227,084 total net assets reported, \$3,860,355 (24 percent) is unrestricted, or available to be spent at the discretion of the Board.
- The General Fund's unreserved fund balance at the end of the fiscal year was \$875,656, which represents 41 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's basic financial statements are comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents additional information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental fund statements tell how general government services, like public safety, were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business, such as the sewer system.
 - Fiduciary fund statements provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets (the difference between the Township's assets and liabilities) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements are divided into two categories:

- *Governmental activities* - Most of the Township's basic services are included here, such as fire protection and general government. State shared revenue and property taxes finance most of these activities.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of the services it provides. The Township's sewer system is reported here.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and other revenues.

The Township has three kinds of funds:

1. *Governmental funds*. Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out and, (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship between them.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

2. *Proprietary funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise fund (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information, such as cash flows.
3. *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net assets. Total net assets at the end of the fiscal year were \$16,227,084, an increase of 4 percent compared to the prior year. Of this total, \$11,018,486 is invested in capital assets and \$1,348,243 is restricted for capital projects and debt service. Consequently, unrestricted net assets were \$3,860,355, or 24 percent of the total.

Condensed financial information
Net Assets

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	2004	2005	2004	2005	2004	2005
Current assets	\$ 1,566,452	\$ 1,706,270	\$ 2,962,588	\$ 3,267,701	\$ 4,529,040	\$ 4,973,971
Noncurrent assets	4,329,239	4,294,235	11,245,235	10,741,307	15,574,474	15,035,542
Total assets	5,895,691	6,000,505	14,207,823	14,009,008	20,103,514	20,009,513
Current liabilities	431,187	443,746	284,817	215,340	716,004	659,086
Noncurrent liabilities	970,727	734,174	2,825,000	2,389,169	3,795,727	3,123,343
Total liabilities	1,401,914	1,177,920	3,109,817	2,604,509	4,511,731	3,782,429
Net assets:						
Invested in capital assets, net of related debt	3,113,552	3,284,309	7,683,413	7,734,177	10,796,965	11,018,486
Restricted	692,759	726,432	683,200	621,811	1,375,959	1,348,243
Unrestricted	687,466	811,844	2,731,393	3,048,511	3,418,859	3,860,355
Total net assets	\$ 4,493,777	\$ 4,822,585	\$ 11,098,006	\$ 11,404,499	\$ 15,591,783	\$ 16,227,084

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)

Changes in net assets. The Township's total revenues are \$3,749,886. Nearly 28 percent of the Township's revenues are derived from sewer charges, while 26 percent comes from state shared revenue and 18 percent from property taxes.

The total cost of all the Township's programs, covering a wide range of services, totaled \$3,114,585. More than 34 percent of the Township's costs relate to the provision of sewer services. Public safety costs account for 30 percent of the costs and general government costs account for 22 percent of the Township's total costs.

Condensed financial information Changes in Net Assets						
	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	2004	2005	2004	2005	2004	2005
Program revenues						
Charges for services	\$ 319,612	\$ 430,271	\$ 1,055,941	\$ 1,129,365	\$ 1,375,553	\$ 1,559,636
Operating grants and contributions	8,900	8,300	-	-	8,900	8,300
Capital grants and contributions	440,894	184,033	58,240	141,161	499,134	325,194
General revenues						
Property taxes	705,401	685,029	-	-	705,401	685,029
Franchise fees	86,279	90,559	-	-	86,279	90,559
State shared revenue	979,929	963,050	-	-	979,929	963,050
Interest income	48,591	23,000	98,584	63,186	147,175	86,186
Miscellaneous	24,400	15,900	-	16,100	24,400	32,000
Total revenues	<u>2,614,006</u>	<u>2,400,142</u>	<u>1,212,765</u>	<u>1,349,812</u>	<u>3,826,771</u>	<u>3,749,954</u>
Expenses						
Legislative	16,100	15,000	-	-	16,100	15,000
General government	743,987	690,494	-	-	743,987	690,494
Public safety	883,204	928,798	-	-	883,204	928,798
Public works	261,709	185,511	-	-	261,709	185,511
Community and economic development	137,330	99,546	-	-	137,330	99,546
Culture and recreation	158,689	106,992	-	-	158,689	106,992
Interest	51,538	44,868	-	-	51,538	44,868
Sewer	-	-	1,162,797	1,043,343	1,162,797	1,043,343
Total expenses	<u>2,252,557</u>	<u>2,071,209</u>	<u>1,162,797</u>	<u>1,043,343</u>	<u>3,415,354</u>	<u>3,114,552</u>
Increase in net assets	<u>\$ 361,449</u>	<u>\$ 328,933</u>	<u>\$ 49,968</u>	<u>\$ 306,469</u>	<u>\$ 411,417</u>	<u>\$ 635,402</u>

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)

Governmental activities. Governmental activities increased the Township's net assets by \$328,808.

The cost of all governmental activities this year was \$2,071,242. After subtracting the direct charges to those who directly benefited from the programs (\$430,271), and operating and capital grants (\$192,301), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$1,777,478.

Business-type activities. Business-type activities increased the Township's net assets by \$306,493. The Board continues to manage its sewer operations in such a way that quarterly service charges cover the full cost of providing wastewater treatment services.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,432,435, an increase of \$258,460 in comparison with the prior year. Of the total fund balances, \$1,318,797 (92 percent) constitutes unreserved fund balance, which is available for spending at the Township's discretion. Of this amount, \$390,104 has been designated by the Board for specific purposes, leaving \$928,693 as the undesignated fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for debt service (\$113,638).

The General Fund is the chief operating fund of the Township. At the end of the fiscal year, unreserved fund balance was \$875,656, which represents 41 percent of the actual total General Fund expenditures for the current fiscal year. The fund balance increased by \$199,077 during the fiscal year primarily due to the following expenditure reductions:

- Elimination of the Zoning Administrator position decreasing expenditures by \$44,000
- Planner position was vacant more than four months saving approximately \$19,000
- Supervisor position was vacant for nearly two months saving more than \$5,000
- Reduction in employee pension benefits
- No significant repairs or unexpected maintenance costs

The Water Improvement Fund experienced an increase in fund balance of \$76,348. The increase was a result of the collection of trunkage fees and special assessments with no repair costs during the fiscal year.

The Debt Service Fund experienced a decrease in fund balance in the amount of \$16,965 because debt service costs exceeded special assessment collections in the current year.

Proprietary fund. The Sewer Fund experienced an increase in net assets of \$306,493. The increase was due to the continuation of the policy of assessing quarterly service charges that cover the full cost of providing wastewater treatment services. Net assets are \$11,404,499 at year end of which \$3,048,511 was unrestricted.

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

General fund budgetary highlights

The difference between the original budget and the final amended budget for expenditures was an increase, in the amount of \$123,966, that was primarily due to an increase in capital outlay expenditures of \$112,000 for new fire equipment.

Expenditures were \$186,734 less than budgeted. The difference between the actual and budgeted amounts can be attributed to the reductions in expenditures explained above.

Capital assets and debt administration

Capital assets.

The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$14,256,969 (net of accumulated depreciation). This investment includes a broad range of assets including land, buildings, equipment, and infrastructure. The decrease in the Township's net investment in capital assets for the current fiscal year was \$431,906.

Major capital asset events during the current fiscal year included the following:

- Purchase of fire truck in the amount of \$194,330.
- A decrease in the intangible assets of the Sewer Fund due to the reduction of the contracts payable issued to acquire the assets.

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

Long-term debt.

At the end of the fiscal year, the Township had total long-term bonds and loans outstanding in the amount of \$3,268,457, which represents a net decrease of \$656,534. Of this amount, \$2,283,457 consists of debt backed by the full faith and credit of the Township. Another \$985,000 represents bonds secured solely by specific revenue sources (i.e., special assessments).

During the year ended June 30, 2005, the Township decreased its long-term debt through the retirement of various bonds, notes, and contracts totaling \$266,446. All debt service payments were made in a timely manner.

Long-term debt decreased by \$386,981 due to the decrease in the amount of the contracts payable to the North Kent Sewer Authority caused by the reduction in the Township's proportionate share of sewage flow through the Four Mile Lift Station.

Other long-term debt obligations, totaling \$159,173, represent accrued compensated absences (\$29,974) and a claim payable (\$129,199).

More detailed information about the Township's noncurrent liabilities is presented in Note 8 of the notes to the basic financial statements.

Township of Alpine
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Economic condition and outlook

The Township's General Fund budget for the next year is fairly consistent with the current year. The fund balance of the General Fund is projected to remain in the range that represents three to six months of anticipated expenditures. Due to the continued depressed economy and the potential for less state shared revenue than anticipated, the Township Board has not planned large capital projects. A Building and Grounds Committee performs an annual review to determine facility and property needs to ensure that those items are not overlooked in spite of the tight budget constraints.

The Township's enterprise operations, its wastewater treatment operations, will experience significant changes in the next year. The Township intends to participate in the construction of a new wastewater treatment facility, through the North Kent Sewer Authority, that will increase the cost of this service. The Township Board will determine the necessary increase in its quarterly service charges to its customers in anticipation of this cost increase.

Contacting the Township's financial management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to Jean Wahlfield, Township Clerk, 5255 Alpine Avenue NW, Comstock Park, Michigan 49321.

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Alpine, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Township of Alpine, Michigan, as of June 30, 2005, and for the year then ended, which collectively comprise the Township of Alpine, Michigan's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Alpine, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Township of Alpine, Michigan, as of June 30, 2005, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison schedule, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Alpine, Michigan's basic financial statements. The supplementary data, as listed in the contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The supplementary data has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Board of Trustees
Township of Alpine, Michigan
Page 2

The other information designated as "Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure" in the contents is also presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Township of Alpine, Michigan. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion thereon.

Siegfried Crandall P.C.

August 10, 2005

BASIC FINANCIAL STATEMENTS

Township of Alpine
STATEMENT OF NET ASSETS
June 30, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 1,467,355	\$ 2,642,948	\$ 4,110,303
Investments	-	530,352	530,352
Receivables, net	238,915	94,401	333,316
Total current assets	<u>1,706,270</u>	<u>3,267,701</u>	<u>4,973,971</u>
Noncurrent assets:			
Restricted investment	-	25,095	25,095
Receivables, net	209,462	544,016	753,478
Capital assets, net of depreciation	4,084,773	10,172,196	14,256,969
Total noncurrent assets	<u>4,294,235</u>	<u>10,741,307</u>	<u>15,035,542</u>
Total assets	<u>6,000,505</u>	<u>14,009,008</u>	<u>20,009,513</u>
LIABILITIES			
Current liabilities:			
Payables	131,579	166,490	298,069
Deferred revenue	86,704	-	86,704
Long-term obligations	175,463	98,850	274,313
Total current liabilities	<u>393,746</u>	<u>265,340</u>	<u>659,086</u>
Noncurrent liabilities:			
Long-term obligations	784,174	2,339,169	3,123,343
Total noncurrent liabilities	<u>784,174</u>	<u>2,339,169</u>	<u>3,123,343</u>
Total liabilities	<u>1,177,920</u>	<u>2,604,509</u>	<u>3,782,429</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,284,309	7,734,177	11,018,486
Restricted for:			
Capital projects	460,902	25,095	485,997
Debt service	265,530	596,716	862,246
Unrestricted	811,844	3,048,511	3,860,355
Total net assets	<u>\$ 4,822,585</u>	<u>\$ 11,404,499</u>	<u>\$ 16,227,084</u>

See notes to the financial statements

Township of Alpine
STATEMENT OF ACTIVITIES
Year ended June 30, 2005

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Governmental activities:				
Legislative	\$ 15,033	\$ -	\$ -	\$ -
General government	690,494	151,962	-	42,152
Public safety	928,798	232,071	-	25,587
Public works	185,511	38,622	8,268	116,294
Community and economic development	99,546	7,616	-	-
Culture and recreation	106,992	-	-	-
Interest on long-term debt	44,868	-	-	-
Total governmental activities	2,071,242	430,271	8,268	184,033
Business-type activities:				
Sewer	1,043,343	1,129,365	-	141,161
Total	\$ 3,114,585	\$ 1,559,636	\$ 8,268	\$ 325,194

General revenues:

Property taxes
Franchise fees
State shared revenue
Interest income
Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - end

***Net (expenses) revenues and
changes in net assets***

<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
\$ (15,033)		\$ (15,033)
(496,380)		(496,380)
(671,140)		(671,140)
(22,327)		(22,327)
(91,930)		(91,930)
(106,992)		(106,992)
(44,868)		(44,868)
(1,448,670)		(1,448,670)
-	\$ 227,183	227,183
(1,448,670)	227,183	(1,221,487)
685,029	-	685,029
90,559	-	90,559
963,050	-	963,050
22,961	63,186	86,147
15,879	16,124	32,003
1,777,478	79,310	1,856,788
328,808	306,493	635,301
4,493,777	11,098,006	15,591,783
<u>\$ 4,822,585</u>	<u>\$ 11,404,499</u>	<u>\$ 16,227,084</u>

See notes to the financial statements

Township of Alpine
BALANCE SHEET - governmental funds
June 30, 2005

	<u>Major funds</u>			
	<u>General</u>	<u>Water Improvement</u>	<u>Debt Service</u>	<u>Totals</u>
ASSETS				
Cash	\$ 858,327	\$ 495,390	\$ 113,638	\$ 1,467,355
Receivables	276,733	19,752	151,892	448,377
Total assets	<u>\$ 1,135,060</u>	<u>\$ 515,142</u>	<u>\$ 265,530</u>	<u>\$ 1,915,732</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 77,339	\$ 54,240	\$ -	\$ 131,579
Deferred revenue	182,065	17,761	151,892	351,718
Total liabilities	<u>259,404</u>	<u>72,001</u>	<u>151,892</u>	<u>483,297</u>
Fund balances:				
Reserved for debt service	-	-	113,638	113,638
Unreserved:				
Designated	390,104	-	-	390,104
Undesignated	485,552	443,141	-	928,693
Total fund balances	<u>875,656</u>	<u>443,141</u>	<u>113,638</u>	<u>1,432,435</u>
Total liabilities and fund balances	<u>\$ 1,135,060</u>	<u>\$ 515,142</u>	<u>\$ 265,530</u>	

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	4,084,773
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	265,014
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(159,173)
Bonds payable are not due and payable in the current period and are not reported in the funds.	(800,464)
Net assets of <i>governmental activities</i>	<u>\$ 4,822,585</u>

See notes to the financial statements

Township of Alpine
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
governmental funds
Year ended June 30, 2005

	<u>Major funds</u>			
	<u>General</u>	<u>Water Improvement</u>	<u>Debt service</u>	<u>Totals</u>
REVENUES				
Property taxes	\$ 809,483	\$ -	\$ -	\$ 809,483
Licenses and permits	203,505	-	-	203,505
Federal grants	25,587	-	-	25,587
State grants	971,318	-	-	971,318
Charges for services	97,437	80,782	-	178,219
Interest and rentals	33,010	12,667	10,720	56,397
Other	181,344	97,738	30,340	309,422
Total revenues	<u>2,321,684</u>	<u>191,187</u>	<u>41,060</u>	<u>2,553,931</u>
EXPENDITURES				
Legislative	15,033	-	-	15,033
General government	658,518	19,017	-	677,535
Public safety	696,156	95,822	-	791,978
Public works	154,739	-	-	154,739
Community and economic development	99,546	-	-	99,546
Culture and recreation	48,531	-	-	48,531
Capital outlay	283,817	-	-	283,817
Debt service:				
Principal	139,424	-	40,000	179,424
Interest	26,843	-	18,025	44,868
Total expenditures	<u>2,122,607</u>	<u>114,839</u>	<u>58,025</u>	<u>2,295,471</u>
NET CHANGE IN FUND BALANCES	199,077	76,348	(16,965)	258,460
FUND BALANCES - BEGINNING	<u>676,579</u>	<u>366,793</u>	<u>130,603</u>	<u>1,173,975</u>
FUND BALANCES - ENDING	<u>\$ 875,656</u>	<u>\$ 443,141</u>	<u>\$ 113,638</u>	<u>\$ 1,432,435</u>
Net change in fund balances - total governmental funds				\$ 258,460
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their useful lives as depreciation expense.				
Add: Capital asset acquisitions				269,773
Deduct: Provision for depreciation				(246,612)
Deduct: Loss on dispositions				(11,828)
Because some special assessments will not be collected until subsequent periods, they are not considered available revenues and are deferred in the governmental funds. Deferred special assessment revenues decreased by this amount this year.				(111,627)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.				159,424
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.				11,218
Change in net assets of governmental activities				<u>\$ 328,808</u>

See notes to the financial statements

Township of Alpine
STATEMENT OF NET ASSETS - proprietary fund
June 30, 2005

ASSETS

Current assets:

Cash	\$ 2,642,948
Investments	530,352
Receivables	<u>94,401</u>

Total current assets	<u>3,267,701</u>
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Noncurrent assets:

Restricted investments	25,095
Receivables	544,016
Capital assets, net of depreciation	<u>10,172,196</u>

Total noncurrent assets	<u>10,741,307</u>
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Total assets	<u>14,009,008</u>
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LIABILITIES

Current liabilities:

Payables	166,490
Bonds and contracts payable	<u>48,850</u>

Total current liabilities	215,340
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Noncurrent liabilities:

Bonds and contracts payable	<u>2,389,169</u>
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Total liabilities	<u>2,604,509</u>
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NET ASSETS

Invested in capital assets, net of related debt	7,734,177
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Restricted for:

Capital projects	25,095
Debt service	596,716

Unrestricted	<u>3,048,511</u>
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Total net assets	<u>\$ 11,404,499</u>
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See notes to the financial statements

Township of Alpine

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
*proprietary fund***

Year ended June 30, 2005

OPERATING REVENUES

Charges for services \$ 1,129,365

OPERATING EXPENSES

Administration 58,660

Treatment and transmission 581,453

Repairs and maintenance 48,911

Depreciation 232,402

Total operating expenses 921,426

OPERATING INCOME

207,939

NONOPERATING REVENUES (EXPENSES)

Connection fees 80,212

Capital contributions 19,150

Interest revenue:

 Special assessments 41,799

 Other 63,186

Gain on disposal of capital assets 16,124

Interest expense and fees (121,917)

Total nonoperating revenues 98,554

CHANGE IN NET ASSETS

306,493

NET ASSETS - BEGINNING

11,098,006

NET ASSETS - ENDING

\$ 11,404,499

See notes to the financial statements

Township of Alpine
STATEMENT OF CASH FLOWS - proprietary fund
Year ended June 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 1,124,667
Payments to suppliers	<u>(733,741)</u>
Net cash provided by operating activities	<u>390,926</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Collection of special assessment principal	81,099
Collection of special assessment interest	41,799
Connection fees	76,161
Acquisition and construction of capital assets	(123,408)
Principal payments on capital debt	(107,022)
Interest payments on capital debt	<u>(125,117)</u>
Net cash used in capital and related financing activities	<u>(156,488)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(11,812)
Interest received	<u>52,826</u>
Net cash provided by investing activities	<u>41,014</u>

NET INCREASE IN CASH

275,452

CASH - BEGINNING

2,367,496

CASH - ENDING

\$ 2,642,948

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 207,939
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	232,402
Changes in assets and liabilities:	
Increase in receivables	(4,698)
Decrease in payables	<u>(44,717)</u>
Net cash provided by operating activities	<u>\$ 390,926</u>

Noncash capital and related financing activities:

Acquisition of capital assets	\$ 160,020
Less: capital assets included in payables	<u>(36,612)</u>
Net cash used	<u>\$ 123,408</u>

Capital assets of \$386,981 were disposed through a decrease in contracts payable.

See notes to the financial statements

Township of Alpine
STATEMENT OF FIDUCIARY NET ASSETS - *agency fund*
June 30, 2005

ASSETS

Cash	<u>\$ 19,761</u>
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LIABILITIES

Payables	<u>\$ 19,761</u>
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See notes to the financial statements

Township of Alpine
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Alpine, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a blended or discretely-presented component unit in the Township's general purpose financial statements.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Water Improvement Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary fund. The Township's Water Improvement Fund is used to account for transactions involving water system improvements within the Township.

The Township reports the following major enterprise fund:

The Sewer Fund accounts for the activities of the Township's wastewater collection systems.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits and investments - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

All investments are reported at fair market value, with changes in value recognized in the operating statement of each fund.

ii) Receivables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

iv) Restricted assets - Certain bond proceeds and resources set aside for their repayment are classified as restricted assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

v) Capital assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., roads and drains), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial cost of more than \$2,500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Township has elected to use the prospective method of accounting for infrastructure assets whereby it will capitalize its infrastructure assets beginning July 1, 2003, as permitted by GASB Statement No. 34.

The Township includes shared road and water system improvement costs in the infrastructure assets of its governmental activities. These costs represent the Township's portion of public road improvements for roads that are owned by the Kent County Road Commission and water system improvements that are owned by the Charter Township of Plainfield.

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

v) Capital assets (continued):

The Township includes shared sewer system improvement costs in the infrastructure assets of its business-type activities. These costs represent the Township's portion of sewer system improvements that are owned by the North Kent Sewer Authority. The valuation of these assets is based on the Township's proportionate share of sewage flows as measured at the Four Mile Lift Station. The flows are measured annually and any changes will affect the valuation of these intangible assets and their related debt.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	10 - 20 years
Buildings and improvements	20 - 50 years
Equipment	5 - 20 years
Vehicles	20 years
Sewer and water systems	50 years
Shared cost of roads	20 years

vi) Compensated absences - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for unpaid accumulated vacation and sick leave has been recorded for the portion due to employees upon separation from service with the Township. Vested compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

vii) Deferred revenue - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

viii) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

ix) Special assessment recognition:

In governmental funds, special assessment revenue is recorded as deferred when initially assessed. Revenues are recognized to the extent that special assessments are collected. Interest income on special assessments receivable is not accrued until its due date.

In proprietary funds, special assessments, when approved, are recognized as nonoperating revenue equal to the portion of the asset financed by the assessment.

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

x) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township's General Fund. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

Excess of expenditures over appropriations in budgeted funds - The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public safety	Police protection	\$ 285,532	\$ 298,379	\$ (12,847)

NOTE 3 - CASH AND INVESTMENTS:

Cash and investments as of June 30, 2005, are classified in the accompanying financial statements as follows:

Statement of net assets:	
Governmental activities	\$ 1,467,355
Business-type activities	3,198,395
Fiduciary fund - cash	<u>19,761</u>
Total cash and investments	<u>\$ 4,685,511</u>

Cash and investments as of June 30, 2005, consist of the following:

Cash on hand	\$ 100
Deposits with financial institutions	4,129,964
Investments	<u>555,447</u>
Total cash and investments	<u>\$ 4,685,511</u>

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS (Continued):

a) Deposits with financial institutions:

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of June 30, 2005, \$3,766,321 of the Township's bank balances of \$4,166,321 was exposed to custodial credit risk because it was uninsured.

b) Investments:

State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper, with three (3) highest rate classifications by at least two (2) rating services, maturing not later than 270 days; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; and e) qualified investment pools. Not more than 50% of any fund may be invested in commercial paper.

The Township's investments consist of holdings in the Kent County Investment Pool (the Pool). The Pool is an external pooled investment fund, which holds qualified investments for local governments in Kent County. The Pool is not regulated by, nor is it registered with, the SEC. The fair value of the Township's investment in this pool is reported at amounts based upon the Township's pro-rata share of the fair value provided by the Pool for the entire Pool portfolio (in relation to the amortized cost of that portfolio). The Township's holdings are carried at cost, which approximates fair value.

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major and nonmajor funds, in the aggregate, are as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Special assessments</i>	<i>Inter- govern- mental</i>	<i>Interest</i>	<i>Totals</i>
General	\$ -	\$ 95,361	\$ 181,372	\$ -	\$ 276,733
Water Improvement	1,991	17,761	-	-	19,752
Sewer	31,340	596,717	-	10,360	638,417
Nonmajor governmental	-	151,892	-	-	151,892
Totals	<u>\$ 33,331</u>	<u>\$ 861,731</u>	<u>\$ 181,372</u>	<u>\$ 10,360</u>	<u>\$ 1,086,794</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 753,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 753,478</u>

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2005, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	<u>\$ 1,033,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,033,852</u>
Capital assets being depreciated:				
Land improvements	793,105	6,500	-	799,605
Water system	810,000	-	-	810,000
Buildings and improvements	1,516,193	-	-	1,516,193
Equipment and furniture	618,535	68,943	(12,903)	674,575
Vehicles	<u>845,824</u>	<u>194,330</u>	<u>(13,090)</u>	<u>1,027,064</u>
Subtotal	<u>4,583,657</u>	<u>269,773</u>	<u>(25,993)</u>	<u>4,827,437</u>
Less accumulated depreciation for:				
Land improvements	(321,189)	(39,828)	-	(361,017)
Water system	(121,500)	(16,200)	-	(137,700)
Buildings and improvements	(462,480)	(50,756)	-	(513,236)
Equipment and furniture	(278,642)	(59,325)	1,075	(336,892)
Vehicles	<u>(360,258)</u>	<u>(80,503)</u>	<u>13,090</u>	<u>(427,671)</u>
Subtotal	<u>(1,544,069)</u>	<u>(246,612)</u>	<u>14,165</u>	<u>(1,776,516)</u>
Total capital assets being depreciated, net	<u>3,039,588</u>	<u>23,161</u>	<u>(11,828)</u>	<u>3,050,921</u>
Governmental activities capital assets, net	<u>\$ 4,073,440</u>	<u>\$ 23,161</u>	<u>\$ (11,828)</u>	<u>\$ 4,084,773</u>
Business-type activities:				
Capital assets being depreciated:				
Sewer facilities	\$ 13,944,121	\$ 160,020	\$ (386,981)	\$ 13,717,160
Less accumulated depreciation for:				
Sewer facilities	<u>(3,328,686)</u>	<u>(232,402)</u>	<u>16,124</u>	<u>(3,544,964)</u>
Business-type activities capital assets, net	<u>\$ 10,615,435</u>	<u>\$ (72,382)</u>	<u>\$ (370,857)</u>	<u>\$ 10,172,196</u>

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to the Township's functions as follows:

Governmental activities:	
General government	\$ 70,416
Public safety	124,115
Public works	30,772
Community and economic development	<u>21,309</u>
Total governmental activities	<u>\$ 246,612</u>
Business-type activities:	
Sewer	<u>\$ 232,402</u>

NOTE 6 - PAYABLES:

Payables as of year end for the Township's individual major funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- govern- mental</u>	<u>Interest</u>	<u>Escrow</u>	<u>Totals</u>
General	\$ -	\$ 30,013	\$ 34,801	\$ -	\$ 12,525	\$ 77,339
Water Improvement	-	-	48,000	-	6,240	54,240
Sewer	<u>22,030</u>	<u>-</u>	<u>130,960</u>	<u>13,500</u>	<u>-</u>	<u>166,490</u>
Totals	<u>\$ 22,030</u>	<u>\$ 30,013</u>	<u>\$ 213,761</u>	<u>\$ 13,500</u>	<u>\$ 18,765</u>	<u>\$ 298,069</u>

NOTE 7 - DEFERRED REVENUE:

As of June 30, 2005, the various components of deferred revenue are as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
Yorkcreek impact deposit	\$ 66,144	\$ -	\$ 66,144
Franchise fees	20,560	-	20,560
Special assessments	<u>-</u>	<u>265,013</u>	<u>265,013</u>
Total	<u>\$ 86,704</u>	<u>\$ 265,013</u>	<u>\$ 351,717</u>

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM OBLIGATIONS:

At June 30, 2005 noncurrent liabilities are comprised of the following individual issues:

Governmental activities:

Bonds and loans payable:

\$550,000 1997 Special assessment bonds - payable in annual installments ranging from \$20,000 to \$30,000, plus interest at 4.00% to 5.30%; final payment due December 2011 \$ 175,000

\$260,000 1997 General obligation bonds - payable in annual installments ranging from \$15,000 to \$25,000, plus interest at 4.00% to 5.30%; final payment due December 2011 155,000

\$800,000 1996 Installment note payable for the purchase of land and hall - payable in annual installments ranging from \$0 to \$75,000, plus interest at 5.50%; final payment due October 2010 345,000

\$575,000 2002 Installment note payable for the construction of fire station #3 - payable in monthly installments ranging from \$8,657 to \$10,572, plus interest at 4.07%; final payment due June 2006 125,464

Total bonds and loans payable 800,464

Claim payable (see Note 10) 129,199

Accrued employee benefits 29,974

Total governmental activities long-term obligations \$ 959,637

Business-type activities:

Bonds and loans payable:

\$995,000 1998 Special assessment bonds - payable in annual installments ranging from \$50,000 to \$55,000, plus interest at 4.90% to 5.0887%; final payment due January 2018 \$ 655,000

2001 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$30,783 to \$79,440, plus interest at 2.98% to 5.16%; final payment due November 2026 1,104,216

2002 North Kent Sewer Authority sewer contract payable - payable in annual installments ranging from \$18,067 to \$49,033, plus interest at 1.70% to 5.23%; final payment due November 2027 678,803

Total business-type activities long-term obligations \$ 2,438,019

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM OBLIGATIONS (Continued):

Long-term obligation activity for the year ended June 30, 2005, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
Governmental activities:					
Special assessment bonds	\$ 200,000	\$ -	\$ (25,000)	\$ 175,000	\$ 25,000
General obligation bonds	170,000	-	(15,000)	155,000	20,000
Installment purchases	589,888	-	(119,424)	470,464	130,463
Claim payable	137,310	11,889	(20,000)	129,199	-
Compensated absences	33,081	20,506	(23,613)	29,974	-
Total governmental activities long-term obligations	\$ 1,130,279	\$ 32,395	\$ (203,037)	\$ 959,637	\$ 175,463
Business-type activities:					
Special assessment bonds	\$ 705,000	\$ -	\$ (50,000)	\$ 655,000	\$ 50,000
2001 Sewer contract	1,405,142	-	(300,926)	1,104,216	30,783
2002 Sewer contract	821,880	-	(143,077)	678,803	18,067
Total business-type activities long-term obligations	\$ 2,932,022	\$ -	\$ (494,003)	\$ 2,438,019	\$ 98,850

At June 30, 2005, debt service requirements, with the exception of the claim payable and compensated absences, were as follows:

	<i>Governmental activities</i>		<i>Business-type activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
Year ended June 30:				
2006	\$ 175,464	\$ 37,130	\$ 98,850	\$ 113,010
2007	110,000	30,240	99,843	108,860
2008	110,000	24,501	100,836	104,570
2009	115,000	18,561	102,822	100,132
2010	120,000	12,311	105,403	95,560
2011 - 2015	170,000	6,942	562,862	403,893
2016 - 2020	-	-	559,008	264,611
2021 - 2025	-	-	515,409	138,564
2026 - 2030	-	-	292,986	18,369
	\$ 800,464	\$ 129,685	\$ 2,438,019	\$ 1,347,569

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:

The Township's defined contribution pension plan for its employees is funded by a group annuity contract through an insurance company. The plan provides that current costs are paid entirely by the Township. The Township's policy is to fund pension cost accrued. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township made the required contributions of \$82,999 for the year ended June 30, 2005.

NOTE 10 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, and employee medical claims. The risks of loss arising from general liability, property losses, workers' compensation, and employee medical costs are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The claim payable relates to ineligible grant costs that must be returned to the grantor. No repayment schedule has been provided by the grantor.

NOTE 11 - JOINT VENTURE:

North Kent Sewer Authority:

The Township is a participant in the North Kent Sewer Authority (the Authority). The administrative board of the Authority consists of members appointed by each participating unit. The Authority was formed for the purpose of acquiring and operating a sanitary sewer system. The Township utilizes the Authority to transport its sewage to the City of Grand Rapids Sanitary Sewer System for treatment and disposal. The Township has no equity interest in the Authority; therefore, financial information of the Authority has not been included in the Township's financial statements.

Costs of operations and capital asset acquisitions of the Authority are supported by contributions from the participating municipalities based on their share of sewage flow through the system. The Township has pledged its limited tax full faith and credit for its share of bonds issued by the Authority. During the year ended June 30, 2005, the Township paid the Authority approximately \$195,247.

Complete financial statements for the Authority can be obtained from the Authority's Administrative Office at P.O. Box 561, Rockford, Michigan 49341-0561.

Township of Alpine
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended June 30, 2005, is as follows:

Revenues	\$ 108,396
Expenses	<u>140,916</u>
Deficiency of revenues over expenses	<u>\$ (32,520)</u>

NOTE 13 - COMMITMENT:

The Township has made certain commitments to expand and improve its sewer system including a construction contract with a total contract price of \$445,997. At June 30, 2005, the Township has incurred costs of \$17,796. The cost of this improvement is being funded by available resources within the Sewer Fund.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Alpine
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes:				
Property taxes	\$ 662,027	\$ 663,143	\$ 663,012	\$ (131)
Trailer fees	3,500	3,500	3,381	(119)
Penalties and interest	10,000	19,338	18,636	(702)
Tax collection fees	<u>112,000</u>	<u>124,454</u>	<u>124,454</u>	<u>-</u>
Total taxes	<u>787,527</u>	<u>810,435</u>	<u>809,483</u>	<u>(952)</u>
Licenses and permits:				
Construction code permits	140,000	140,000	108,396	(31,604)
Cable television fees	92,000	92,000	90,559	(1,441)
Other	<u>7,450</u>	<u>8,450</u>	<u>4,550</u>	<u>(3,900)</u>
Total licenses and permits	<u>239,450</u>	<u>240,450</u>	<u>203,505</u>	<u>(36,945)</u>
Federal grant - FEMA	<u>2,843</u>	<u>21,579</u>	<u>25,587</u>	<u>4,008</u>
State grants:				
State shared revenue	978,200	978,200	963,050	(15,150)
METRO Act	<u>9,000</u>	<u>9,000</u>	<u>8,268</u>	<u>(732)</u>
Total state grants	<u>987,200</u>	<u>987,200</u>	<u>971,318</u>	<u>(15,882)</u>
Charges for services:				
Administrative fees	68,000	72,578	72,578	-
Recreation program fees	3,200	3,466	3,066	(400)
Petitioned meetings	16,000	16,000	11,740	(4,260)
Tax abatement fees	2,500	4,403	4,403	-
Fire call charges	500	500	-	(500)
Grave openings	<u>3,500</u>	<u>5,400</u>	<u>5,650</u>	<u>250</u>
Total charges for services	<u>93,700</u>	<u>102,347</u>	<u>97,437</u>	<u>(4,910)</u>
Interest and rentals:				
Interest income	18,500	17,882	21,950	4,068
Rentals	<u>8,000</u>	<u>8,000</u>	<u>11,060</u>	<u>3,060</u>
Total interest and rentals	<u>26,500</u>	<u>25,882</u>	<u>33,010</u>	<u>7,128</u>

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES (Continued)				
Other:				
Special assessments:				
Drains	\$ 59,869	\$ 126,013	\$ 59,869	\$ (66,144)
Street lighting	28,500	28,500	27,636	(864)
Road	2,500	102,229	28,584	(73,645)
Other	14,407	42,387	65,255	22,868
Total other	<u>105,276</u>	<u>299,129</u>	<u>181,344</u>	<u>(117,785)</u>
Total revenues	<u>2,242,496</u>	<u>2,487,022</u>	<u>2,321,684</u>	<u>(165,338)</u>
EXPENDITURES				
Legislative	<u>19,892</u>	<u>19,892</u>	<u>15,033</u>	<u>4,859</u>
General government:				
General administration:				
Wages	30,972	31,080	31,073	7
Payroll taxes	2,333	2,378	2,375	3
Fringe benefits	8,115	8,543	8,535	8
Office supplies	12,000	12,000	10,169	1,831
Tax refunds	500	1,000	991	9
Contracted services	17,500	22,000	21,681	319
Engineering services	3,500	3,500	1,583	1,917
Dues and memberships	12,000	12,000	11,929	71
Tax statement preparation	12,000	12,000	10,355	1,645
Printing and publishing	2,500	2,500	1,944	556
Township newsletter	18,600	9,162	5,993	3,169
GIS implementation project	16,000	19,857	16,933	2,924
Miscellaneous	1,500	1,500	994	506
Total general administration	<u>137,520</u>	<u>137,520</u>	<u>124,555</u>	<u>12,965</u>
Supervisor:				
Salary	50,000	45,400	45,385	15
Payroll taxes	3,825	3,825	3,420	405
Fringe benefits	10,065	11,378	10,430	948
Dues and memberships	25	150	150	-
Education	750	1,325	1,251	74
Miscellaneous	1,700	1,600	1,347	253
Total supervisor	<u>66,365</u>	<u>63,678</u>	<u>61,983</u>	<u>1,695</u>

Township of Alpine
BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)
Year ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued):				
General government (continued):				
Elections:				
Wages	\$ 12,500	\$ 15,580	\$ 15,572	\$ 8
Payroll taxes	115	220	212	8
Office supplies	2,000	1,550	915	635
Postage	1,700	3,280	3,278	2
Miscellaneous	<u>2,500</u>	<u>685</u>	<u>578</u>	<u>107</u>
Total elections	<u>18,815</u>	<u>21,315</u>	<u>20,555</u>	<u>760</u>
Assessor:				
Salary	52,000	45,990	44,590	1,400
Residential appraiser wages	34,134	34,144	33,792	352
Payroll taxes	6,541	6,541	5,840	701
Fringe benefits	18,680	16,767	13,430	3,337
Office supplies	700	700	421	279
Dues and memberships	500	500	440	60
Education and training	2,700	2,700	1,773	927
Miscellaneous	<u>750</u>	<u>750</u>	<u>383</u>	<u>367</u>
Total assessor	<u>116,005</u>	<u>108,092</u>	<u>100,669</u>	<u>7,423</u>
Clerk:				
Salary	50,000	50,000	50,000	-
Deputy clerk wages	31,074	30,035	28,844	1,191
Payroll taxes	6,158	6,157	6,013	144
Fringe benefits	18,180	20,120	20,115	5
Dues and memberships	250	250	180	70
Education and training	700	699	78	621
Miscellaneous	<u>750</u>	<u>950</u>	<u>813</u>	<u>137</u>
Total clerk	<u>107,112</u>	<u>108,211</u>	<u>106,043</u>	<u>2,168</u>
Legal counsel	<u>23,000</u>	<u>25,020</u>	<u>22,282</u>	<u>2,738</u>
Auditing services	<u>11,500</u>	<u>14,100</u>	<u>14,100</u>	<u>-</u>

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
General government (continued):				
Board of review:				
Fees and per diem	\$ 500	\$ 500	\$ 500	\$ -
Payroll taxes	38	39	38	1
Miscellaneous	<u>299</u>	<u>299</u>	<u>65</u>	<u>234</u>
Total board of review	<u>837</u>	<u>838</u>	<u>603</u>	<u>235</u>
Treasurer:				
Salary	50,000	50,000	50,000	-
Payroll taxes	3,825	3,825	3,805	20
Fringe benefits	10,065	11,055	11,052	3
Dues and memberships	135	135	135	-
Education and training	600	-	-	-
Miscellaneous	<u>675</u>	<u>675</u>	<u>458</u>	<u>217</u>
Total treasurer	<u>65,300</u>	<u>65,690</u>	<u>65,450</u>	<u>240</u>
Buildings and grounds:				
Wages	17,700	17,650	15,668	1,982
Payroll taxes	1,354	1,354	1,258	96
Maintenance supplies	6,500	6,500	6,733	(233)
Leaf recycling	5,000	11,000	10,228	772
Contracted services	12,000	15,000	14,356	644
Grounds maintenance	45,500	43,210	32,675	10,535
Utilities	16,200	16,350	15,063	1,287
Telephone	11,500	11,500	8,390	3,110
Safety requirements	500	640	638	2
Repairs and maintenance	2,500	2,500	2,296	204
Miscellaneous	<u>700</u>	<u>750</u>	<u>795</u>	<u>(45)</u>
Total buildings and grounds	<u>119,454</u>	<u>126,454</u>	<u>108,100</u>	<u>18,354</u>
Cemeteries:				
Contracted services	2,500	2,500	504	1,996
Utilities	250	250	78	172
Repairs and maintenance	<u>500</u>	<u>500</u>	<u>78</u>	<u>422</u>
Total cemeteries	<u>3,250</u>	<u>3,250</u>	<u>660</u>	<u>2,590</u>

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
General government (continued):				
Other:				
Insurance and bonds	\$ 33,500	\$ 30,615	\$ 30,373	\$ 242
Other	400	3,284	3,145	139
Total other	33,900	33,899	33,518	381
Total general government	703,058	708,067	658,518	49,549
Public safety:				
Police protection	278,000	285,532	298,379	(12,847)
Fire department:				
Salaries and wages:				
Fire chief	45,562	45,562	45,321	241
Assistant fire chief	3,600	3,600	3,600	-
Secretary	11,340	11,340	11,335	5
Firemen	98,700	87,700	85,445	2,255
Fire practice	50,000	40,000	29,841	10,159
Payroll taxes	15,961	15,361	13,289	2,072
Fringe benefits	13,365	14,365	14,553	(188)
Gas and oil	3,600	4,200	3,953	247
Office supplies	2,000	2,000	1,413	587
Maintenance supplies	10,000	8,300	7,466	834
Medical and rescue supplies	2,000	2,000	1,345	655
Contracted services	4,200	4,200	5,083	(883)
Dues and memberships	800	800	620	180
Utilities	9,500	9,700	9,148	552
Repairs and maintenance	4,000	4,000	3,448	552
County fire assessment	11,000	7,010	6,872	138
Education and training	6,000	7,290	7,275	15
Miscellaneous	6,700	8,991	6,854	2,137
Total fire department	298,328	276,419	256,861	19,558
Building inspection:				
Salaries and wages	84,917	84,917	82,727	2,190
Payroll taxes	6,415	6,415	6,158	257
Fringe benefits	18,380	21,160	21,159	1
Office supplies	1,800	1,054	649	405
Plumbing inspections	10,000	10,000	6,082	3,918

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Public safety (continued):				
Building inspection (continued):				
Electrical inspections	\$ 15,000	\$ 15,000	\$ 10,356	\$ 4,644
Mechanical inspections	15,000	15,000	10,002	4,998
Contracted services	400	400	274	126
Dues and memberships	600	600	200	400
Education and training	1,500	1,500	1,384	116
Miscellaneous	2,100	2,100	1,925	175
Total building inspection	<u>156,112</u>	<u>158,146</u>	<u>140,916</u>	<u>17,230</u>
Total public safety	<u>732,440</u>	<u>720,097</u>	<u>696,156</u>	<u>23,941</u>
Public works:				
Public transportation - ITP	51,000	53,700	53,634	66
Street lighting	36,000	36,000	34,388	1,612
Road maintenance	25,200	49,545	47,343	2,202
Watersheds and drains	54,910	40,965	19,374	21,591
Total public works	<u>167,110</u>	<u>180,210</u>	<u>154,739</u>	<u>25,471</u>
Community and economic development:				
Planning:				
Salaries and wages	50,767	29,417	29,406	11
Fees and per diem	12,000	12,000	9,760	2,240
Payroll taxes	4,640	4,640	2,834	1,806
Fringe benefits	10,065	10,065	8,773	1,292
Contracted services	39,000	40,700	37,107	3,593
Education and training	2,500	2,500	516	1,984
Printing and publishing	2,500	3,500	3,131	369
Miscellaneous	1,650	1,650	391	1,259
Total planning	<u>123,122</u>	<u>104,472</u>	<u>91,918</u>	<u>12,554</u>

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Community and economic development (continued):				
Zoning:				
Zoning administrator salary	\$ -	\$ 3,985	\$ 3,985	\$ -
Fees and per diem	3,500	2,850	2,415	435
Payroll taxes	-	485	479	6
Fringe benefits	-	650	544	106
Education and training	500	320	205	115
Total zoning	<u>4,000</u>	<u>8,290</u>	<u>7,628</u>	<u>662</u>
Total community and economic development	<u>127,122</u>	<u>112,762</u>	<u>99,546</u>	<u>13,216</u>
Culture and recreation:				
Recreation and parks:				
Salary and wages	7,000	13,524	13,523	1
Payroll taxes	536	1,086	1,034	52
Gas and oil	400	400	388	12
Maintenance supplies	2,500	5,000	4,353	647
Contracted services	16,500	16,258	12,551	3,707
Soccer supplies	-	2,344	2,344	-
Soccer referees	-	110	110	-
Softball supplies	500	500	307	193
Softball umpires	2,500	2,074	1,700	374
Utilities	750	750	542	208
Miscellaneous	100	100	-	100
Total recreation and parks	<u>30,786</u>	<u>42,146</u>	<u>36,852</u>	<u>5,294</u>
Library:				
Contracted services	2,900	2,900	2,304	596
Utilities	4,150	4,150	3,897	253
Miscellaneous	550	550	270	280
Total library	<u>7,600</u>	<u>7,600</u>	<u>6,471</u>	<u>1,129</u>

Township of Alpine

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Culture and recreation (continued):				
Historical committee:				
Office supplies	\$ 1,000	\$ 1,000	\$ 918	\$ 82
Community promotion	1,000	1,000	428	572
Resource materials and books	400	400	-	400
Miscellaneous	<u>600</u>	<u>587</u>	<u>89</u>	<u>498</u>
Total historical committee	<u>3,000</u>	<u>2,987</u>	<u>1,435</u>	<u>1,552</u>
Historical hall:				
Contracted services	800	800	460	340
Utilities	<u>4,300</u>	<u>4,300</u>	<u>3,313</u>	<u>987</u>
Total historical hall	<u>5,100</u>	<u>5,100</u>	<u>3,773</u>	<u>1,327</u>
Total culture and recreation	<u>46,486</u>	<u>57,833</u>	<u>48,531</u>	<u>9,302</u>
Capital outlay:				
Office equipment and furniture	4,000	2,513	1,787	726
Computers and software	10,000	10,000	7,844	2,156
Recreation department	25,000	29,000	31,022	(2,022)
Fire equipment	8,000	33,200	33,120	80
Fire clothing and boots	5,000	4,000	3,460	540
Fire truck replacement	110,000	194,900	194,814	86
Land improvements	11,000	11,000	2,045	8,955
Building additions and improvements	<u>30,000</u>	<u>30,000</u>	<u>9,725</u>	<u>20,275</u>
Total capital outlay	<u>203,000</u>	<u>314,613</u>	<u>283,817</u>	<u>30,796</u>
Debt service:				
Principal	<u>139,552</u>	<u>159,552</u>	<u>139,424</u>	<u>20,128</u>
Interest	<u>46,715</u>	<u>36,315</u>	<u>26,843</u>	<u>9,472</u>
Total expenditures	<u>2,185,375</u>	<u>2,309,341</u>	<u>2,122,607</u>	<u>186,734</u>
NET CHANGE IN FUND BALANCES	57,121	177,681	199,077	21,396
FUND BALANCES - BEGINNING	<u>676,579</u>	<u>676,579</u>	<u>676,579</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 733,700</u>	<u>\$ 854,260</u>	<u>\$ 875,656</u>	<u>\$ 21,396</u>

SUPPLEMENTARY DATA

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$550,000 1997 KENOWA HILLS WATER SPECIAL ASSESSMENT BONDS**

June 30, 2005

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>December 1</i>	<i>June 1</i>			
2006	\$ 4,363	\$ 3,775	12/01/05	\$ 25,000	\$ 33,138
2007	3,775	3,055	12/01/06	30,000	36,830
2008	3,055	2,443	12/01/07	25,000	30,498
2009	2,443	1,818	12/01/08	25,000	29,261
2010	1,818	1,180	12/01/09	25,000	27,998
2011	1,180	530	12/01/10	25,000	26,710
2012	530	-	12/01/11	20,000	20,530
	<u>\$ 17,164</u>	<u>\$ 12,801</u>		<u>\$ 175,000</u>	<u>\$ 204,965</u>

Township of Alpine

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$260,000 1997 KENOWA HILLS WATER GENERAL OBLIGATION BONDS**

June 30, 2005

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>December 1</i>	<i>June 1</i>			
2006	\$ 3,890	\$ 3,420	12/01/05	\$ 20,000	\$ 27,310
2007	3,420	2,940	12/01/06	20,000	26,360
2008	2,940	2,450	12/01/07	20,000	25,390
2009	2,450	1,950	12/01/08	20,000	24,400
2010	1,950	1,313	12/01/09	25,000	28,263
2011	1,313	663	12/01/10	25,000	26,976
2012	663	-	12/01/11	25,000	25,663
	<u>\$ 16,626</u>	<u>\$ 12,736</u>		<u>\$ 155,000</u>	<u>\$ 184,362</u>

Township of Alpine

**SCHEDULE OF NOTE RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$800,000 INSTALLMENT NOTE PAYABLE - TOWNSHIP HALL**

June 30, 2005

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>October 1</i>	<i>April 1</i>			
2006	\$ 9,487	\$ 9,350	10/01/05	\$ 5,000	\$ 23,837
2007	9,350	7,700	10/01/06	60,000	77,050
2008	7,700	5,913	10/01/07	65,000	78,613
2009	5,912	3,988	10/01/08	70,000	79,900
2010	3,987	2,063	10/01/09	70,000	76,050
2011	2,063	-	10/01/10	75,000	77,063
	<u>\$ 38,499</u>	<u>\$ 29,014</u>		<u>\$ 345,000</u>	<u>\$ 412,513</u>

Township of Alpine

**SCHEDULE OF NOTE RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$575,000 INSTALLMENT NOTE PAYABLE - FIRE STATION**

June 30, 2005

<u>Fiscal</u> <u>period</u>	<u>Interest</u> <u>requirements</u>	<u>Principal</u>	<u>Total</u> <u>requirements</u>
<u>2006</u>	<u>\$ 2,845</u>	<u>\$ 125,464</u>	<u>\$ 128,309</u>

Township of Alpine**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$995,000 1998 KENOWA HILLS SEWER SPECIAL ASSESSMENT BONDS**

June 30, 2005

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>July 1</i>	<i>January 1</i>			
2006	\$ 16,375	\$ 16,375	01/01/06	\$ 50,000	\$ 82,750
2007	15,125	15,125	01/01/07	50,000	80,250
2008	13,875	13,875	01/01/08	50,000	77,750
2009	12,625	12,625	01/01/09	50,000	75,250
2010	11,375	11,375	01/01/10	50,000	72,750
2011	10,125	10,125	01/01/11	50,000	70,250
2012	8,875	8,875	01/01/12	50,000	67,750
2013	7,625	7,625	01/01/13	50,000	65,250
2014	6,375	6,375	01/01/14	50,000	62,750
2015	5,125	5,125	01/01/15	50,000	60,250
2016	3,875	3,875	01/01/16	50,000	57,750
2017	2,625	2,625	01/01/17	50,000	55,250
2018	1,375	1,375	01/01/18	55,000	57,750
	<u>\$ 115,375</u>	<u>\$ 115,375</u>		<u>\$ 655,000</u>	<u>\$ 885,750</u>

Township of Alpine**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
2001 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE***June 30, 2005*

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>November 1</i>	<i>May 1</i>			
2006	\$ 24,734	\$ 24,242	11/01/05	\$ 30,783	\$ 79,759
2007	24,242	23,702	11/01/06	31,776	79,720
2008	23,702	23,112	11/01/07	32,769	79,583
2009	23,112	22,460	11/01/08	34,755	80,327
2010	22,460	21,800	11/01/09	34,755	79,015
2011	21,800	21,065	11/01/10	36,741	79,606
2012	21,065	20,301	11/01/11	37,734	79,100
2013	20,301	19,477	11/01/12	39,720	79,498
2014	19,477	18,590	11/01/13	41,706	79,773
2015	18,590	17,619	11/01/14	44,685	80,894
2016	17,619	16,580	11/01/15	46,671	80,870
2017	16,580	15,451	11/01/16	49,650	81,681
2018	15,451	14,250	11/01/17	51,636	81,337
2019	14,250	12,990	11/01/18	53,622	80,862
2020	12,990	11,646	11/01/19	56,601	81,237
2021	11,646	10,240	11/01/20	58,587	80,473
2022	10,240	8,762	11/01/21	61,566	80,568
2023	8,762	7,213	11/01/22	64,545	80,520
2024	7,213	5,543	11/01/23	68,517	81,273
2025	5,543	3,776	11/01/24	72,489	81,808
2026	3,776	1,936	11/01/25	75,468	81,180
2027	1,936	-	11/01/26	79,440	81,376
	<u>\$ 345,489</u>	<u>\$ 320,755</u>		<u>\$ 1,104,216</u>	<u>\$ 1,770,460</u>

Township of Alpine**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
2002 NORTH KENT SEWER AUTHORITY SEWER CONTRACT PAYABLE**

June 30, 2005

<u>Fiscal period</u>	<u>Interest requirements</u>		<u>Maturity date</u>	<u>Principal</u>	<u>Total requirements</u>
	<u>November 1</u>	<u>May 1</u>			
2006	\$ 15,793	\$ 15,491	11/01/05	\$ 18,067	\$ 49,351
2007	15,491	15,175	11/01/06	18,067	48,733
2008	15,175	14,831	11/01/07	18,067	48,073
2009	14,831	14,479	11/01/08	18,067	47,377
2010	14,479	14,071	11/01/09	20,648	49,198
2011	14,071	13,633	11/01/10	21,939	49,643
2012	13,633	13,183	11/01/11	21,939	48,755
2013	13,183	12,722	11/01/12	21,939	47,844
2014	12,722	12,250	11/01/13	21,939	46,911
2015	12,250	11,711	11/01/14	24,520	48,481
2016	11,711	11,130	11/01/15	25,810	48,651
2017	11,130	10,507	11/01/16	27,101	48,738
2018	10,507	9,840	11/01/17	28,391	48,738
2019	9,840	9,065	11/01/18	32,263	51,168
2020	9,065	8,259	11/01/19	32,263	49,587
2021	8,259	7,388	11/01/20	34,844	50,491
2022	7,388	6,484	11/01/21	36,134	50,006
2023	6,484	5,539	11/01/22	37,425	49,448
2024	5,539	4,529	11/01/23	40,006	50,074
2025	4,529	3,487	11/01/24	41,296	49,312
2026	3,487	2,379	11/01/25	43,877	49,743
2027	2,379	1,238	11/01/26	45,168	48,785
2028	1,238	-	11/01/27	49,033	50,271
	<u>\$ 233,184</u>	<u>\$ 217,391</u>		<u>\$ 678,803</u>	<u>\$ 1,129,378</u>

**SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 CONTINUING
DISCLOSURE (*UNAUDITED*)**

**Alpine Township
Taxable Value
Fiscal Years Ended June 30, 2001 Through 2005**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	Alpine Township's Fiscal Years Ended June 30	Ad Valorem Taxable Value	Equivalent Taxable Value of Property Granted Tax Abatement Under Acts 198 and 255 (1)	Total Taxable Value	Percent Increase Over Prior Year
1999	2000	2001	\$ 277,670,369	\$ 5,620,982	\$ 283,291,351	7.51%
2000	2001	2002	297,958,439	7,681,559	305,639,998	7.89%
2001	2002	2003	314,725,013	7,287,906	322,012,919	5.36%
2002	2003	2004	328,858,213	7,873,579	336,731,792	4.57%
2003	2004	2005	342,982,054	6,932,781	349,914,835	3.91%

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2005 (2) \$25,037

(1) At the full tax rate. See "Tax Abatement".

(2) Based on Alpine Township's 2000 census population of 13,976.

Source: Alpine Township

**Alpine Township
Total Taxable Value by Use and Class
Fiscal Years Ended June 30, 2001 Through 2005**

Use	Fiscal Years Ended June 30				
	2001	2002	2003	2004	2005
Agriculture	\$ 19,837,012	\$ 21,028,140	\$ 21,961,892	\$ 22,768,714	\$ 23,532,617
Commercial	85,791,666	104,575,401	110,274,946	114,319,973	118,435,533
Industrial	19,626,342	26,091,171	26,401,915	29,207,981	31,899,715
Residential	132,192,372	147,562,786	157,125,266	164,040,924	170,822,970
Utility	6,054,500	6,382,500	6,248,900	6,394,200	5,224,000
	<u>\$ 263,501,892</u>	<u>\$ 305,639,998</u>	<u>\$ 322,012,919</u>	<u>\$ 336,731,792</u>	<u>\$ 349,914,835</u>
Class	2001	2002	2003	2004	2005
Real Property	\$ 240,114,942	\$ 278,411,648	\$ 294,566,275	\$ 307,897,735	\$ 321,875,927
Personal Property	23,386,950	27,228,350	27,446,644	28,834,057	28,038,908
	<u>\$ 263,501,892</u>	<u>\$ 305,639,998</u>	<u>\$ 322,012,919</u>	<u>\$ 336,731,792</u>	<u>\$ 349,914,835</u>

Source: Alpine Township

(UNAUDITED)

**Alpine Township
State Equalized Valuation
Fiscal Years Ended June 30, 2001 Through 2005**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	Alpine Township's Fiscal Years Ended June 30	Ad Valorem SEV	SEV of Property General Tax Abatement Under Acts 198 and 255 (1)	Total SEV	Percent Increase Over Prior Year
1999	2000	2001	\$ 321,741,100	\$ 11,310,300	\$ 333,051,400	8.07%
2000	2001	2002	348,186,800	15,455,400	363,642,200	9.19%
2001	2002	2003	378,953,000	14,675,700	393,628,700	8.25%
2002	2003	2004	397,310,500	15,961,000	413,271,500	4.99%
2003	2004	2005	412,756,100	14,043,800	426,799,900	3.27%

Per Capita Total SEV for the Fiscal Year Ending June 30, 2005 (2)..... \$30,538

(1) See "Tax Abatement".

(2) Based on Alpine Township's 2000 census population of 13,976.

Source: Alpine Township

**Alpine Township
Total SEV by Use and Class
Fiscal Years Ended June 30, 2001 Through 2005**

Use	Fiscal Years Ended June 30				
	2001	2002	2003	2004	2005
Agriculture	\$ 25,599,500	\$ 26,836,500	\$ 34,376,000	\$ 37,396,100	\$ 37,694,400
Commercial	112,517,100	121,260,300	128,323,000	133,353,200	139,555,600
Industrial	28,508,900	36,005,600	36,392,400	41,046,100	42,437,500
Residential	160,223,000	173,157,300	188,288,400	195,081,900	201,888,400
Utility	6,202,900	6,382,500	6,248,900	6,394,200	5,224,000
	<u>\$ 333,051,400</u>	<u>\$ 363,642,200</u>	<u>\$ 393,628,700</u>	<u>\$ 413,271,500</u>	<u>\$ 426,799,900</u>
Class	2001	2002	2003	2004	2005
Real Property	\$ 306,003,800	\$ 332,192,000	\$ 362,363,100	\$ 380,494,700	\$ 394,974,200
Personal Property	27,047,600	31,450,200	31,265,600	32,776,800	31,825,700
	<u>\$ 333,051,400</u>	<u>\$ 363,642,200</u>	<u>\$ 393,628,700</u>	<u>\$ 413,271,500</u>	<u>\$ 426,799,900</u>

Source: Alpine Township

(UNAUDITED)

Tax Abatement

Alpine Township's taxable value does not include the value of certain facilities, which have temporarily been removed from the Ad Valorem Tax Roll pursuant to Act 198 or Act 255 (the "Acts"). The Acts were designed to provide a stimulus in the form of significant tax incentives to industry and commercial enterprises to renovate and expand aging facilities ("Rehab Properties") and to build new facilities ("New Properties"). Except as indicated below, under the provisions of the Acts, a local governmental unit (i.e., a city, village, or township) may establish plant rehabilitation districts, industrial development districts, and commercial redevelopment districts and offer industrial and commercial firms certain property tax incentives or abatements to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area.

An industrial or commercial facilities exemption certificate granted under either of the Acts entitles an eligible facility to exemption from Ad Valorem Taxes for a period of up to 12 years. In lieu of Ad Valorem Taxes, the eligible facility will pay an industrial facilities or commercial facilities tax (the "IFT Tax" and "CFT Tax", respectively). For properties granted tax abatement under the Acts, there exists separate tax rolls referred to as the industrial facilities tax roll (the "IFT Tax Roll") and the commercial facilities tax roll (the "CFT Tax Roll"), respectively. The IFT or CFT Tax for an obsolete facility, which is being restored or replaced is determined in exactly the same manner as the Ad Valorem Tax; the important difference being that the value of the property remains at the taxable value level prior to the improvements even though the restoration or replacement substantially increases the value of the facility. For a new facility, the IFT or CFT Tax is also determined the same as the Ad Valorem Tax but, instead of using the total mills levied as Ad Valorem Taxes, a lower millage rate is applied. For abatements granted prior to 1994, this millage rate equals $\frac{1}{2}$ of all tax rates levied by other than the state and local school district for operating purposes plus $\frac{1}{2}$ of the 1993 rate levied by the local school district for operating purposes. For abatements granted after 1994, this millage rate equals $\frac{1}{2}$ of all tax rates levied by other than the state plus none, $\frac{1}{2}$, or all of the state tax rate (as determined by the State Treasurer). Act 255 expired as an effective statute of the State of Michigan on December 31, 1986, and tax abatements granted to commercial facilities under Act 255 prior to December 31, 1986, have expired.

Alpine Township has established goals, objectives, and procedures to provide the opportunity for industrial and commercial development and expansion. Since 1974, Alpine Township has approved a number of applications for local property tax relief for industrial and commercial firms. Most abatements have been for new industrial facilities. The SEV of properties, which have been granted tax abatement under the Act 198, removed from the Ad Valorem Tax Roll, and placed on the IFT Tax Rolls, totaled \$14,043,800 for the fiscal year ending June 30, 2005. The IFT Taxes paid on these properties is equivalent to Ad Valorem Taxes paid on \$6,932,581 of taxable value at the full tax rate (the "Equivalent Taxable Value"). Upon expiration of the industrial facilities exemption certificates, the current equalized valuation of the abated properties will return to the Ad Valorem Tax Roll as taxable value.

**Alpine Township
Maximum Property Tax Rates
Fiscal Year Ended June 30, 2005**

Millage Classification	Millage Authorized	Applicable Millage Reduction Fraction (1)	Maximum Allowable Millage
Allocated Operating	1.1000	0.9895	0.9431
Voted Operating	1.0000	0.9895	0.9527

(1) Cumulative.

Source: Alpine Township

**Alpine Township
Property Tax Rates
Fiscal Years Ended June 30, 2001 Through 2005**

Levy December 1	Fiscal Year Ended June 30	Allocated Operating	Voted Operating	Total
2000	2001	0.9637	0.7711	1.7348
2001	2002	0.9586	0.7762	1.7348
2002	2003	0.9532	0.7816	1.7348
2003	2004	0.9431	0.7917	1.7348
2004	2005	0.9431	0.9527	1.8958

Source: Alpine Township

**Alpine Township
Property Tax Collections
Fiscal Years Ended June 30, 2001 Through 2005**

Levy December 1	Fiscal Year Ended June 30	Tax Levy (1)	Collections to March 1 Following Levy	Percent Collected
2000	2001	\$ 481,739	\$ 464,539	96.43%
2001	2002	529,714	510,045	96.29%
2002	2003	558,837	539,779	96.59%
2003	2004	582,954	564,691	96.87%
2004	2005	649,918	630,669	97.04%

(1) Township taxes only. Includes taxes on properties granted tax abatement under Act 198. See "Tax Abatement."

Source: Alpine Township

(UNAUDITED)

**Alpine Township
Ten Largest Taxpayers
Fiscal Year Ended June 30, 2005**

<u>Taxpayer</u>	<u>Principal Product or Service</u>	<u>Taxable Value (1)</u>	<u>% of Total (2)</u>
York Creek Ltd.	Apartments	\$ 29,600,397	8.46%
Behr Industries	Auto wood components	5,770,330	1.65%
Commercial Tool & Die.	Die manufacturer	5,373,697	1.54%
Churchill Apartments	Apartments	5,230,404	1.49%
Aspen/Alpine Project LP	Manufacturer	4,261,051	1.22%
Sam's Club	Retail	4,084,653	1.17%
Menards, Inc.	Retail	3,999,221	1.14%
Art Van Furniture	Retail	3,831,936	1.10%
Wal-Mart	Retail	3,779,675	1.08%
Alpine Slopes Apartments	Apartments	3,745,600	1.07%
		<u>\$ 69,676,964</u>	<u>19.92%</u>

(1) Includes the Equivalent Taxable Value of property granted tax abatement under Act 198. See "Tax Abatement."

(2) Based on \$349,914,835, which is Alpine Township's Total Taxable Value for its fiscal year ended June 30, 2005.

Includes the equivalent taxable value of property granted tax abatement under Act 198. See "Tax Abatement."

Source: Alpine Township

**Alpine Township
Legal Debt Margin
As of June 30, 2005**

Debt Limit (1)		\$ 42,679,990
Debt Outstanding	\$ 3,238,482	
Less: Exempt Debt	<u>2,613,019</u>	
		<u>625,463</u>
Legal Debt Margin		<u><u>\$ 42,054,527</u></u>

(1) 10% of \$426,799,900, which is Alpine Township's Total SEV for the fiscal year ended June 30, 2005. Includes the SEV of property granted tax abatement under Act 198. See "Tax Abatement."

Source: Municipal Advisory Council of Michigan and Alpine Township

(UNAUDITED)

**Alpine Township
Debt Statement
As of June 30, 2005**

<u>Alpine Township Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
Share of North Kent Sewer Authority Bonds:			
Dated September 12, 2001 (Limited Tax)	\$ 1,104,216	\$ 1,104,216	\$ -
Dated April 17, 2002 (Limited Tax)	678,803	678,803	-
Subtotal	<u>1,783,019</u>	<u>1,783,019</u>	<u>-</u>
Special Assessment Bonds:			
Dated August 1, 1998 (Limited Tax)	655,000	655,000	-
Dated September 1, 1997 (Limited Tax)	175,000	175,000	-
Subtotal	<u>830,000</u>	<u>830,000</u>	<u>-</u>
General Obligation Bonds:			
Dated September 1, 1997 (Limited Tax)	155,000	155,000	-
Subtotal	<u>155,000</u>	<u>155,000</u>	<u>-</u>
Installment Purchase Obligations:			
Fire Building	125,463	-	125,463
Building and Property	345,000	-	345,000
Subtotal	<u>470,463</u>	<u>-</u>	<u>470,463</u>
Total	<u>\$ 3,238,482</u>	<u>\$ 2,768,019</u>	<u>\$ 470,463</u>

Per Capita Net Alpine Township Direct Debt (1) \$34
Percent of Net Direct Debt to Total SEV (2) 0.11%

<u>Overlapping Debt (3)</u>	<u>Gross</u>	<u>Township Share As Percent of Gross</u>	<u>Net</u>
Kent County	\$ 84,960,000	1.92%	\$ 1,631,232
Grand Rapids Community College	57,460,000	1.87%	1,074,502
Sparta School District	38,615,000	11.40%	4,402,110
Comstock Park School District	44,261,205	41.85%	18,523,314
Kenowa Hills School District	35,915,000	17.33%	6,224,070
Totals			<u>\$ 31,855,228</u>

Per Capita Net Overlapping Debt (1) \$2,279
Percent of Net Overlapping Debt to Total SEV (2) 7.46%

Per Capita Net Direct and Overlapping Debt (1) \$2,313
Percent of Net Direct and Overlapping Debt to Total SEV (2) 7.57%

(1) Based on Alpine Township's 2000 census population of 13,976.

(2) Based on \$426,799,900, which is Alpine Township's Total SEV for the fiscal year ended June 30, 2005. Includes the SEV of property granted tax abatement under Act 198. See "Tax Abatement."

(3) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of Alpine Township are liable in addition to debt issued by Alpine Township. The table reflects overlapping debt as of November 2, 2005.

Source: Municipal Advisory Council of Michigan and Alpine Township

(UNAUDITED)